Message Text

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PAGE 01 STATE 086861 ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-08 L-03 TRSE-00 FEA-01 SS-15 NSC-05 CIAE-00 INR-07 NSAE-00 SSO-00 NSCE-00 INRE-00 /050 R

DRAFTED BY ARA/AND/E - MR. ALLITTO:LEE
APPROVED BY ARA/AND - FJDEVINE
EB - DSTEBBING (SUBS)
L - SCHWEBEL (SUBS)
TREASURY - RGOODMAN (INFO)
TREASURY - MSHAPIRO (INFO)
ARA/ECP - DTAHER (INFO)

-----182205Z 128857 /73

O R 182144Z APR 77 FM SECSTATE WASHDC TO AMEMBASSY QUITO IMMEDIATE INFO AMCONSUL GUAYAQUIL

CONFIDENTIAL STATE 086861

E.O. 11652: GDS

TAGS: EINV, ENRG, PFOR, EC

SUBJECT: USG ASSISTANCE TO THE GOVERNMENT OF ECUADOR

REF: QUITO 2445

1. THE DEPARTMENT HAS RESERVATIONS ABOUT INCLUDING YOUR FINAL CLAUSE THAT READS, "AND WILL DO SO IN ACCORDANCE WITH ECUADOREAN LAW, PROVIDED THE LAW IS APPLIED FAIRLY AND JUSTLY" FOR THE FOLLOWING REASONS:

A. THE DEPARTMENT IS UNCERTAIN ABOUT THE FAIR CONTENT OF CURRENT ECUADOREAN LAW;

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- B. THE GOE COULD ISSUE DECREES IN THE FUTURE THAT COULD CHANGE LAWS EXISTING AT THE TIME THE BUY-OUT AGREEMENT IS SIGNED;
- C. IF WE TRY TO MEET REASONS 1A AND 1B BY PROPOSING TO INCLUDE THE WORDING, "PROVIDED THE LAW IS APPLIED FAIRLY AND JUSTLY", WE FEAR THE GOE WILL FIND THAT PHRASE OFFEN-

SIVE AND WILL REJECT IT.

2. SINCE GULF COUNSEL GLEN LUCAS IS PRESENTLY IN QUITO, THE DEPARTMENT RECOMMENDS THAT THE EMBASSY DISCUSS THE

DEPARTMENT'S CONCERNS WITH LUCAS. THE DEPARTMENT WOULD PREFER DELETING YOUR FINAL CLAUSE IF MINISTER OF FINANCE SEVILLA CAN DO WITHOUT IT. IF, HOWEVER, HE CAN'T, AND IF GULF CAN LIVE WITH THIS WORDING, THE DEPARTMENT CAN. VANCE

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Message Attributes

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Subject: USG ASSISTANCE TO THE GOVERNMENT OF ECUADOR -

TAGS: EINV, ENRG, PFOR, PGOV, EC, US, GULF OIL CORP

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